L & H Business Consulting, LLC

International Double Reed Society

Reviewed Financial Statements

December 31, 2025

International Double Reed Society
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L & H Business Consulting, LLC

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
International Double Reed Society

We have reviewed the accompanying financial statements of International Double Reed Society (a non-profit organization), which comprise the statement of financial position as of December 31, 2025, and the related statement of activities and changes in net assets, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of International Double Reed Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

L & H Business Consulting, LLC

Hunt Valley, Maryland
November 6, 2026

International Double Reed Society
Statement of Financial Position
December 31, 2025

ASSETS

Current assets		
Cash and cash equivalents	$	283,193
Accounts receivable, net of allowance for credit losses		3,750
Prepaid expenses		6,246
Total current assets		293,189
Endowment investments		292,667
Total assets	$	585,856

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	$	13,387
Deferred membership revenue		68,290
Total current liabilities		81,677
Net assets		
Without donor restrictions, undesignated		211,512
With donor restrictions		292,667
Total net assets		504,179
Total liabilities and net assets	$	585,856

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2025

Support and revenue	Without donor restrictions	With donor restrictions	Total
Publication revenue	$ 67,188	$ -	$ 67,188
Membership revenue	185,383	-	185,383
Conference revenue	63,629	-	63,629
Competition revenue	1,443	-	1,443
Contributions	14,638	-	14,638
Investment revenue (losses), net of fees	1,750	42,479	44,229
Other revenue	11,088	-	11,088
Total support and revenue	345,119	42,479	387,598
Net assets released from restrictions	12,727	(12,727)	-
Expenses			
Program	272,733	-	272,733
Management and general	49,193	-	49,193
Fundraising	465	-	465
Total expenses	322,391	-	322,391
Net assets - beginning of year, previously reported	162,984	275,988	438,972
Reclassification of net assets	13,073	(13,073)	-
Net assets - beginning of year, as restated	176,057	262,915	438,972
Net increase in net assets	35,455	29,752	65,207
Net assets - end of year	$ 211,512	$ 292,667	$ 504,179

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society
Statement of Functional Expenses
For the year ended December 31, 2025

	Program	Management and general	Fundraising	Total
Publication expenses	$ 92,419	$ -	$ -	$ 92,419
Conference expenses	29,084	-	-	29,084
Exhibit expenses	19,718	-	-	19,718
Competition expenses	42,822	-	-	42,822
Website expenses	18,895	-	-	18,895
Executive committee expenses	-	1,358	-	1,358
Meeting expenses	-	177	-	177
Membership expenses	21,412	-	-	21,412
Office expenses	1,394	697	21	2,112
Merchant service fees	13,821	-	-	13,821
Administrative expenses	21,984	21,984	444	44,412
Insurance expenses	-	2,321	-	2,321
Professional services	-	22,656	-	22,656
Grant awards	420	-	-	420
Prize money	5,586	-	-	5,586
Provision for credit losses	5,178	-	-	5,178
Total expenses	$ 272,733	$ 49,193	$ 465	$ 322,391

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society
Statement of Cash Flows
For the year ended December 31, 2025

Change in net assets	$	65,207
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments, net of fees		(37,401)
(Increase) decrease in assets		
Accounts receivable, net		16,806
Prepaid expenses		2,814
Increase (decrease) in liabilities		
Accounts payable and accrued expenses		(47,931)
Deferred membership revenue		8,494
Net cash provided by operating activities		7,989
Cash flows from investing activities		
Net investment proceeds received		12,727
Interest and dividends reinvested		(5,078)
Net cash provided by investing activities		7,649
NET INCREASE IN CASH		15,638
Cash and cash equivalents, beginning of year		267,555
Cash and cash equivalents, end of year	$	283,193

See independent accountants' review report and accompanying notes to financial statements

International Double Reed Society
Notes to Financial Statements
For the year ended December 31, 2025

NOTE 1 – NATURE OF ORGANIZATION AND OPERATIONS

International Double Reed Society (the Society) is a nonprofit organization that was established in December 1971. In December 1982 the Society was incorporated in the State of Ohio. The Society's administrative office is in the State of Maryland. The purpose of the Society is to enhance the art of double reed playing by encouraging the composing and arranging of music for double reeds; to commission new works; to assist teachers and students in attaining high standards of performance; and to generally educate the public, manufacturers and musicians in such a manner as to promote the goals of the Society and continually improve the quality of the art. The Society carries out its mission through publications, conferences, competitions, and educational resources. Its principal activities include publishing The Double Reed, a quarterly journal; organizing conferences that provide performance, educational, and exhibitor opportunities; sponsoring international competitions and awarding prizes; and supporting the creation of new double reed music. The Society also maintains online publications, recordings, and other resources for its members.

The Society is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes. The Society pays tax on unrelated business income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Society have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, including Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, and the applicable guidance in the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide, Not-for-Profit Entities (the Guide).

Under the provisions of the Guide, net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified as follows:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. The Society's board may designate assets without donor restrictions for specific operational purposes from time to time.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Society considers cash and cash equivalents to include time deposits, certificates of deposit, and all highly liquid debt instruments purchased with maturities of three months or less.

Income Taxes

The Society is generally exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income tax. For the year ended December 31, 2025, the Society had no activities that were classified as unrelated business income.

Management has determined that the Society has no material uncertain tax positions that would require recognition under ASC 740-10 *Income Taxes*. The federal and state income tax returns of the Society for 2022, 2023 and 2024 are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Accounts Receivable

The Society recognizes pledges and accounts receivable at the amounts expected to be collected, net of any discounts offered. Receivables are generally expected to be realized within one year.

The Society applies the expected credit loss model in accordance with ASC 326*, Financial Instruments – Credit Losses*. Under this model, credit losses are recognized based on expected losses over the contractual life of the receivable rather than when such losses become probable.

The allowance for credit losses is estimated by evaluating relevant factors including the aging of receivables, historical loss experience, specific customer circumstances, current economic conditions, and reasonable and supportable forecasts. Changes in this estimate are recognized through the provision for credit losses in the statement of activities.

At December 31, 2025, the allowance for credit losses totaled $9,470, and management believes this amount is adequate to absorb expected losses in the receivable portfolio.

Prepaid Expenses

Monies paid in 2025 for benefits and expense which will not occur until 2026 are classified as prepaid expenses. These primarily relate to conferences each year.

Investments

Investments consist primarily of assets invested in money market accounts, marketable equity securities and mutual funds. The Society accounts for investments in accordance with ASC 958-320 *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The standard requires that investments in equity securities with readily determinable fair values be measured at fair value in the Statement of Financial Position. Fair value of marketable equity securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities and changes in net assets.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures emphasizes that fair value is a market based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Equipment, Furnishings and Fixtures

The Society has adopted a policy of capitalizing individual equipment, furniture, and fixture acquisitions which are in excess of $1,000. In situations where a significant quantity of related assets under $1,000 is purchased for a similar purpose within a short period of time, those assets are capitalized if the aggregate cost (or donated fair market value) is in excess of $1,500.

Functional Allocation of Expenses

The Society reports expenses by both their natural and functional classifications in the statement of functional expenses. Functional classifications include program services and supporting services, which consist of management and general and fundraising.

Direct expenses are charged to the applicable program or supporting function based on specific identification. Shared expenses, such as office operations, occupancy, insurance, and administrative salaries, are allocated among functions on a reasonable basis that reflects the relative use of resources.

The primary basis for allocation is estimated employee time spent on each function, as determined from position responsibilities and management's assessment of staff effort. Certain costs, such as office supplies and technology expenses, are allocated based on headcount or usage, while occupancy costs are allocated based on estimated square footage utilized by each function. The allocation methods are applied consistently each year.

Support and Revenue Recognition

The Society recognizes revenue from exchange transactions in accordance with ASC 606, Revenue from Contracts with Customers, when its performance obligations are satisfied through the transfer of promised goods or services to members and other customers.

Membership revenue is recognized over the applicable membership period as member benefits are provided. Membership dues received in advance are reported as deferred membership revenue until earned. When a membership includes distinct goods or services, the transaction price is allocated to the performance obligations based on their relative standalone selling prices.

Publication revenue from individual sales is recognized when control of the publication transfers to the customer, generally upon shipment or electronic delivery. Publication subscription revenue is recognized as the publications are delivered over the subscription period. Publications included in membership dues are accounted for as part of the membership arrangement.

Conference revenue, including registration and exhibitor fees, is recognized when the related conference is held and the promised services are provided. Amounts collected before the conference are reported as deferred revenue until earned.

Contributions are recognized when received or unconditionally promised and are reported as support with or without donor restrictions, depending on the existence and nature of donor-imposed restrictions. Conditional contributions are recognized when the conditions on which they depend are substantially met; amounts received before that time are reported as refundable advances.

Donor-restricted contributions whose restrictions are satisfied in the same reporting period are reported as support without donor restrictions. Other donor-restricted contributions are reported as support with donor restrictions. When a restriction expires through the passage of time or fulfillment of its purpose, the related amount is reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Society maintains several cash accounts in a manner designed to keep the maximum amount of funds federally insured while receiving a good rate of return on the deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash balances may exceed FDIC insured limits from time to time, but management has not experienced any losses related to this risk.

NOTE 4 – ENDOWMENT INVESTMENTS

On December 17, 1998, Alan H. Fox donated marketable securities to the Society, the purpose of which was to establish an endowment for prizes for the annual double reed competition to be held under the auspices of the Society. The competition shall be known as the Fernand Gillet-Hugo Fox Double Reed competition. If the Society ceases to exist or ceases to hold an annual double reed competition, the principal sum of the endowment may be made available to a qualified tax-exempt organization for the purpose of providing a similar competition.

The provisions of the endowment stipulate that ninety percent (90%) of the income derived from the endowment is to be used to fund prizes for the Fernand Gillet-Hugo Fox competition and that ten percent (10%) of the income derived from the endowment is to be reinvested in the endowment unless waived by the three-person investment committee which consists of two officers of the Society and the donor.

Investments are carried at fair value, by level, using the three-tier hierarchy framework for measuring fair value as established by ASC 820, *Fair Value Measurements and Disclosures*. Although the endowment incurred losses in earlier years, its fair value at December 31, 2025 exceeds the $235,000 original corpus. The Society has the ability in future years to allocate 90% of gains attributable to the securities to be available for prizes.

The endowment is classified as net assets with donor restrictions of the Society and the endowment provides that any gains or losses, realized and unrealized, will increase or reduce the net assets with donor restrictions of the Society.

Investments in marketable securities consist of money market, exchange traded products and mutual funds. The fair value of these investments is measured on a recurring basis as of December 31, 2025. The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments were measured using the following level of hierarchy:

	Level 1	Level 2	Level 3	Total
Money market	$ 5,816	$ -	$ -	$ 5,816
Exchange-traded and closed-end funds	178,697	-	-	178,697
Mutual funds	108,154	-	-	108,154
	$ 292,667	$ -	$ -	$ 292,667

The income of the investments for the year ended December 31, 2025, is outlined below:

Dividends and interest income	$ 5,078
Unrealized gain	40,457
Less: investment fees	(3,056)
	$ 42,479

The three-tier hierarchy framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements"). The three levels of the fair value hierarchy under ASC 820, *Fair Value Measurements and Disclosures* are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

- Level 2 - Inputs to the valuation methodology include:

  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 5 – LIABILITIES

Accounts payable and accrued expenses represent obligations of the Society that were unpaid and/or accrued as of December 31, 2025. Deferred revenue consists of dues collected in 2025 but attributable to the calendar years 2026 and beyond in the amount of $68,290.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2025, are restricted for the following purposes:

Net assets with donor restrictions		
Endowment Investment - Corpus	$	235,000
Endowment Investment - Prizes		57,667
Total net assets with donor restrictions	$	292,667

During the year ended December 31, 2025, net assets released from donor restriction were as follows:

Endowment Investment - Prizes	$	12,727

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of December 31, 2025, are as follows:

Net assets without donor restrictions	$	211,512

There are currently no assets without donor restrictions that are designated by the Board of Directors of the Society.

Correction of Net Asset Classification

Beginning net assets have been restated to correct the classification of $13,073 previously reported as net assets with donor restrictions that was not subject to donor-imposed restrictions. The correction increased beginning net assets without donor restrictions from $162,984 to $176,057 and decreased beginning net assets with donor restrictions from $275,988 to $262,915. Total beginning net assets and the total changes in net assets were unaffected.

NOTE 8 – DONATED SERVICES AND FACILITIES

The executive secretary donates a small amount of office space to the Society. The fair rental value cannot be readily determined, and this donation does not meet the criteria of ASC 958 *Not-for-Profit Entities*, and therefore is not shown on the statement of activities as a contribution or as an expense.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Society's financial assets available to meet cash needs for general expenditures within one year of December 31, 2025, are as follows:

Cash and cash equivalents	$	283,193
Accounts receivable		3,750
Endowment investment		292,667
Less those unavailable for general expenditure within one year due to the following:		
Net Assets with donor restrictions		(292,667)
Total financial assets available to meet cash needs for general expenditures within one year	$	286,943

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 10 – SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Society through November 6, 2026 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in or disclosure in the financial statements.